16 March 2022

4imprint Group plc
Final results for the period ended 1 January 2022

4imprint Group plc (the "Group"), a direct marketer of promotional products, today announces its final results for the 52 weeks ended 1 January 2022.

Financial Overview	2021 52 weeks $m	2020 53 weeks $m	Change
Revenue	**787.32**	560.04	+41%
Operating profit	**30.65**	3.97	+672%
Profit before tax	**30.23**	3.84	+687%
Cash	**41.59**	39.77	+5%
Basic EPS (cents)	**80.46**	11.03	+629%
Total paid and proposed dividend per share (cents)	**45.00**	-	
Total paid and proposed dividend per share (pence)	**33.82**	-	

2021 is a 52 week period and 2020 is a 53 week period. See page 6.

Operational Overview

- Strong trading recovery in 2021 after pandemic-impacted performance in 2020
- 1,429,000 total orders processed in 2021 (2020: 960,000); 263,000 new customers acquired in the year (2020: 173,000)
- Evolving marketing mix, including significant acceleration of brand component
- Complex and disruptive supply chain issues in the second half of 2021 resulting in elevated order backlog at year end
- Commitment to $2m in capital expenditure in 2022 for clean energy solar project at Oshkosh distribution centre
- Strong financial position: cash balance of $41.59m; no debt
- Re-introduction of Shareholder dividends; Interim (paid): 15.00c; Final (proposed): 30.00c

Paul Moody, Chairman said:

The recovery in the Group's financial performance in 2021 has been very encouraging. Most importantly, it was driven by decisions and actions fully aligned with the Group's strategy, culture and focus on the sustainability of the longer-term health of the business.

Challenges continue with regard to the ongoing pandemic, supply chain disruption and inflationary pressures. However, the Group has a clear strategy and is financially strong. Our business model is flexible and resilient and our market opportunity remains attractive.

Trading results in the first few weeks of 2022 have been encouraging.

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Chairman's Statement

Performance summary

Throughout 2021 we have been focused intently on the recovery of our business after the unprecedented trading environment seen in 2020. Although the true extent and impact of the pandemic is yet to be fully realised, the significant improvement in the demand profile and financial results during the year demonstrates the strength of the business model and gives continued confidence in the long-term prospects of the Group.

Given that the 2020 demand numbers suffered such material disruption from the effects of COVID-19, the most informative indicator to gauge the extent of the recovery in demand in 2021 is the 2019 comparative (the most recent 'normal' year'). Total order count in the first half of 2021 was 79% of 2019 levels, rising to 101% in the second half and producing 90% of 2019 for the year. New customer acquisition was 88% of 2019, evidence of a very encouraging recovery of demand in the business.

Consequently, the financial results for 2021 showed a sharp improvement over prior year. Group revenue for 2021 was $787.3m, an increase of $227.3m or 41% over 2020. Profit before tax for the year was $30.2m (2020: $3.8m), resulting in basic earnings per share of 80.46c, (2020: 11.03c). The Group ended 2021 in a strong financial position, with a cash balance of $41.6m (2020: $39.8m).

Strategic direction

The Board is very pleased with the nature and extent of the Group's recovery from the COVID-19 pandemic. Our team's clear and deliberate actions have been informed at all stages by a desire to protect the long-term prospects of the business by staying true to our culture and in so doing reinforcing our strategic objectives.

Our team members throughout the entire organisation are at the heart of our culture. It was therefore natural to pursue a people-led approach through the pandemic. This has resulted in direct benefits in employee retention in difficult labour markets, and will also be important as we look for new opportunities to enhance our culture and customer service capabilities based on the team's experience with remote working and flexible scheduling.

We have continued to work very closely with our supplier partners in the year. These long-standing and innovative relationships remain crucial in enabling us to navigate the complex and evolving supply chain issues resulting from the pandemic, and in facilitating the future development of our product range.

Our business model is founded on an effective and efficient marketing engine. We believe that our team has been able to take advantage of extremely difficult market conditions by making bold moves in re-shaping the marketing mix. It is clear that we have been able to accelerate change, particularly in building the prominence of the 4imprint brand, that might otherwise have occurred over a longer timeframe.

In combination, these decisions and actions taken in 2021 have contributed materially to the improving financial performance of the Group and remain fundamental to our strategy.

ESG

The team has made significant progress in 2021 in the further development and execution of the Group's ESG agenda. Highlights include our certification as a CarbonNeutral® company and the development of our recently introduced *better choices*™ sustainable product initiative.

Board

John Warren retired from the Board at the AGM in May 2021. He was succeeded as Chair of the Audit Committee by John Gibney, who had been appointed to the Board on 8 March 2021.

In addition, I am delighted that we were able to strengthen significantly the depth and diversity of the Board through the appointment, on 1 September 2021, of two new Non-Executive Directors. Jaz Rabadia MBE brings extensive experience in energy management and sustainability. Lindsay Beardsell brings a wealth of domestic and international commercial experience in combination with her public company background in legal and governance matters.

Dividend

We reintroduced dividend payments at the half year, when the Board declared an interim dividend of 15.00c per share (2020: nil). In view of the Group's financial performance in the second half of the year, and in line with our balance sheet funding and capital allocation guidelines, the Board is pleased to recommend a final dividend per share of 30.00c (2020: nil), giving a total paid and proposed 2021 dividend of 45.00c (2020: nil).

Outlook

The recovery in the Group's financial performance in 2021 has been very encouraging. Most importantly, it was driven by decisions and actions fully aligned with the Group's strategy, culture and focus on the sustainability of the longer-term health of the business.

Challenges continue with regard to the ongoing pandemic, supply chain disruption and inflationary pressures. However, the Group has a clear strategy and is financially strong. Our business model is flexible and resilient and our market opportunity remains attractive.

Trading results in the first few weeks of 2022 have been encouraging.

Paul Moody

Chairman

15 March 2022

Chief Executive's Review

Revenue	**2021 52 weeks $m**	2020 53 weeks $m	
North America	**773.71**	549.87	+41%
UK & Ireland	**13.61**	10.17	+34%
Total	**787.32**	560.04	+41%

Operating profit	**2021 52 weeks $m**	2020 53 weeks $m	
Direct Marketing operations	**34.54**	7.56	+357%
Head Office costs	**(3.89)**	(3.59)	+8%
Total	**30.65**	3.97	+672%

Performance overview

In the first half of 2021 we saw a continued recovery in demand for our products after the severe downturn in 2020 directly caused by the COVID-19 pandemic. Despite the complications caused by new virus variants, severe supply chain disruption in the fourth quarter and other lingering effects of the pandemic in the second half of 2021, significant further progress was made on the road to recovery.

Throughout the year our team members responded in typical fashion to meet the ongoing challenges resulting from the pandemic. Their 'can do' attitude, empathy and resilience has been essential in allowing us not only to deal with daily challenges but equally to look forward to future opportunities.

Due to heavily disrupted trading patterns in 2020, we have found that the most informative comparative against which to assess current year demand performance is the last 'normal' year, 2019. Demand activity in January and February was relatively quiet, with total orders received running at an average of 65% of 2019. By the half year orders were up 79% year to date against 2019, evidencing the beneficial effect of vaccine rollouts and the easing of restrictions in our primary US market. Total orders in the second half were 101% of 2019 levels, leaving counts for the full year at 90% of the same comparative.

In total 1,429,000 orders were received from both new and existing customers in 2021 (2019: 1,587,000; 2020: 960,000). It is encouraging that we have continued to acquire new customers at a relatively steady rate throughout the pandemic. In 2021 we acquired 263,000 new customers (2019: 297,000; 2020: 173,000). It is also a good sign that customers acquired during the pandemic have demonstrated typical retention rates, indicating that they are within our target profile. The average order value has remained higher than historical comparatives through 2021.

This improving trading environment during the year resulted in gains in year-on-year financial performance. Group revenue for 2021 was $787.32m, a gain of 41% over the prior year. Operating profit for 2021 of $30.65m (2020: $3.97m) is a clear demonstration of the progress made by the business in the year.

The Group has remained financially strong throughout the pandemic and had a cash balance of $41.59m at the 2021 year-end, demonstrating the flexibility of our direct marketing business model.

Operational highlights

In 2021 we made several key decisions and took various actions that have been central to the encouraging revival of the Group's fortunes. We are confident that these choices reflect 4imprint's culture and values and were made with an eye to securing the Group's long-term future.

- *People.* From the start of the pandemic we have pursued a people-led approach. The health and safety of our team members has remained paramount, and we have consistently observed best practice COVID-19 related protocols. Further, we are in no doubt that, in a business based on delivering excellent service, our team members are a crucial element of our success. As such, we have invested in the retention of our people as a top priority since the early days of the pandemic. Apart from being simply the right thing to do, this approach has delivered tangible benefits in recent months as we have retained the necessary resource to deal with the recovering demand levels as the year progressed, particularly at a time of serious labour constraints in our North American markets.

- *Flexible working.* The vast majority of our office-based team members have been working from home from the early weeks of the pandemic. This has allowed us to make considerable progress in testing new working practices, rolling out the necessary computer solutions and considering future options in the context of our developing experience with remote working and flexible scheduling. Our aim is to learn from the lessons this experience has offered to enhance our culture and therefore our competitive position for the future.
- *Supply.* In 2021 we tested the strength and depth of the relationships with many of our key suppliers in a very challenging environment of supply chain disruptions. Early problems revolved around managing production difficulties caused by lockdowns, and a changing product mix. From around August 2021 onwards new challenges emerged around global logistics, freight costs, inventory availability and the difficulty and increased cost of finding production labour to keep up with recovering demand. This has placed severe strain on our operations, resulting in a significantly higher than usual order backlog at the year-end. Most recently, these factors have caused inflationary pressure on product cost to feed through from suppliers. We continue to work to help mitigate the resulting margin pressure, including careful pricing adjustments balancing near-term margin, customer retention, brand values and the market opportunity.
- *Marketing.* Prior to the pandemic we had already made great progress in our strategic initiative to significantly evolve our marketing portfolio through the introduction of a brand awareness pillar. From the start we believed that this represented an opportunity to strengthen the business for the long-term and also to provide more flexibility than was available in our previous marketing mix. The pandemic provided the opportunity to be bold; indeed we have aggressively re-calibrated the marketing portfolio through the crisis. At the start of the pandemic the flexibility of the new portfolio allowed us to dramatically reduce costs as order volumes plummeted by substantially reducing our print (direct mail) element, simultaneously taking full advantage of the reduced cost of brand marketing. Our increasing investment in brand awareness prior to, and during the pandemic has also helped us to take full advantage of the recovery by staying ‘front of mind’ with prospective and existing customers. As a result, in 2021 we took the opportunity to accelerate strategic changes in the marketing mix (primarily increasing the brand and decreasing the print components) that typically would have occurred over a longer timeframe. The results we have seen so far in the recovery phase give us confidence that these changes leave our marketing engine in good shape and ready to power the business in the years ahead.

ESG

We continued to make progress in our ESG initiatives in 2021, particularly with regard to environmental matters. Our Environmental Committee has met monthly to monitor and steer a number of exciting projects, including:

- Working to understand further and audit the Scope 1 and Scope 2 carbon footprint of our operations, as well as selected Scope 3 elements material to our business, most notably transportation.
- Progressing existing carbon reduction projects, for example completion of the rollout of LED lighting in all of our operational facilities.
- Achievement in October 2021, well ahead of schedule, of the ‘CarbonNeutral®’ company certification from our external consultant Natural Capital Partners.
- Our *better choices*™ initiative, a broad review of our product range and how it is presented on our website with the aim of providing our customers with easy access to as much information and product variety as possible to enable them to consider choices based on verified sustainability criteria.
- Our recently announced project to install a 1MW solar array at our Oshkosh distribution centre.

Looking ahead

Our view is that the many challenges introduced by the COVID-19 pandemic have presented an opportunity for 4imprint to become stronger and more focused than ever. We are realistic; the residual impacts of the pandemic will continue to be felt in various ways for some time to come. However, the encouraging trading momentum that was built over the course of 2021 validates that our strategy remains fully relevant, and that our markets are attractive and ready to be addressed via our agile and resilient business model.

Financial Review

	2021 52 weeks $m	2020 53 weeks $m
Operating profit	**30.65**	3.97
Net finance cost	**(0.42)**	(0.13)
Profit before tax	**30.23**	3.84
Taxation	**(7.64)**	(0.75)
Profit for the period	**22.59**	3.09

The Group's operating result in the period, summarising expense by function, was as follows:

	2021 52 weeks $m	2020 53 weeks $m
Revenue	**787.32**	560.04
Gross profit	**226.02**	157.94
Marketing costs	**(127.53)**	(92.88)
Selling costs	**(32.16)**	(30.78)
Admin and central costs	**(34.73)**	(29.26)
Share option related charges	**(0.61)**	(0.63)
Defined benefit pension scheme administration and past service costs	**(0.34)**	(0.42)
Operating profit	**30.65**	3.97

Revision to the definition of underlying profit measures

In previous Annual Reports and Accounts, defined benefit pension charges were not included in the definition of underlying operating profit. These charges have now become relatively stable and are not material, therefore are now included in underlying, which is defined as before exceptional items. As there are no exceptional items in 2021 or 2020, the term underlying is not used in relation to any measurements of profit in the 2021 Annual Report and Accounts.

Operating result

The recovery of the business from the effects of the COVID-19 pandemic has been very encouraging.

Demand returned steadily through the early part of the year, helped by the rollout of vaccines and easing of restrictions in our primary US market. This momentum continued to build, with aggregate order counts exceeding 2019 levels (the most recent 'normal' year) in the second half of the year. Group revenue for 2021 of $787.32m increased 40.6% compared to 2020 of $560.04m, recovering to 91.5% of reported 2019 revenue of $860.84m.

The gross profit percentage stabilised year-over-year at 28.7% (2020: 28.2%). Product cost inflation resulting from pandemic-related global and local supply chain issues has been partially mitigated using price adjustments. Factors including a shift in product mix towards apparel and higher average order values mean that margin percentages remain below pre-pandemic levels.

Marketing costs were 16.2% of revenue (2020:16.6%), leading to an improvement in our Revenue per Marketing Dollar KPI to $6.17 (2020: $6.03). Strategic investment in a changing marketing mix has been made through the year to capitalise on market share opportunities in recovering markets.

Selling, administration and central costs increased 11.4% to $66.89m (2020: $60.04m). The year-on-year change is due principally to a credit of $4.1m in 2020 relating to COVID-19 assistance under the US CARES Act and UK Coronavirus Job Retention Scheme. No similar assistance was accessed in 2021.

As a result of the above factors, operating profit increased by $26.68m to $30.65m (2020: $3.97m).

2021 returned to the usual 52 week accounting period for the Group, compared to the 53 week period in 2020. The effect of the extra week in 2020 on Group revenue was an increase of around $5m and the impact on operating profit was negligible due to a full week of payroll and overheads offsetting the gross margin arising from a quiet trading week during the holiday period.

Foreign exchange

The primary US dollar exchange rates relevant to the Group's 2021 results were as follows:

	2021		2020	
	Period end	**Average**	Period end	Average
Sterling	**1.35**	**1.38**	1.36	1.28
Canadian dollars	**0.79**	**0.80**	0.79	0.75

The Group reports in US dollars, its primary trading currency. It also transacts business in Canadian dollars, Sterling and Euros. Sterling/US dollar is the exchange rate most likely to impact the Group's financial performance.

The primary foreign exchange considerations relevant to the Group's operations are as follows:

- Translational risk in the income statement remains low with 98% of the Group's revenue arising in US dollars, the Group's reporting currency. The net impact on the 2021 income statement from trading currency movements was not material to the Group's results.
- Most of the constituent elements of the Group balance sheet are US dollar-based. Exceptions are the Sterling-based defined benefit pension asset, which produced an exchange loss in the year of $0.06m, and the UK cash balance with an exchange loss of $0.14m in the year.
- The Group generates cash mostly in US dollars, but its primary applications of post-tax cash are Shareholder dividends, pension contributions and some Head Office costs, all of which are paid in Sterling. As such, the Group's cash position is sensitive to Sterling/US dollar exchange movements. By way of example, using actual exchange rates, the movement of Sterling against the US dollar during 2021 meant that every US$1m converted to Sterling was worth around £9,000 more at the 2021 closing rate compared to the 2020 closing rate.

Share option charges

A total of $0.61m (2020: $0.63m) was charged in the year in respect of IFRS 2 'Share-based Payments'. This was made up of two elements: (i) executive awards under the 2015 Incentive Plan, now replaced by the Deferred Bonus Plan ("DBP"); and (ii) charges in respect of the 2019 UK SAYE and the 2021 US Employee Stock Purchase Plan.

No awards of conditional shares under the DBP will be made in respect of 2021. There were no awards made in 2020, resulting in the consistent IFRS 2 charge year-over-year.

Current options and awards outstanding are 13,880 shares under the UK SAYE, 97,624 shares under the 2021 US Employee Stock Purchase Plan, and 51,925 shares under the 2015 Incentive Plan.

Net finance cost

Net finance cost for the year was $0.42m (2020: $0.13m). The increase in cost on 2020 is attributable to lower interest rates earned on deposits, and higher IFRS 16 lease interest charges following the extension to the Oshkosh office lease in the prior year which resulted in a higher lease liability being recognised on the balance sheet.

Taxation

The tax charge for the year was $7.64m (2020: $0.75m), giving an effective tax rate of 25% (2020: 20%). The charge comprises a current tax charge of $5.92m, representing net tax payable on US taxable profits, and a deferred tax charge of $1.72m.

The increase in the effective tax rate is principally due to the significant increase in profitability of the North American business that is subject to a higher rate of corporation tax than the UK, and the derecognition of a deferred tax asset in respect of UK tax losses following a review of updated forecasts of UK taxable profits.

Earnings per share

Basic earnings per share was 80.46c (2020: 11.03c), an increase of 629%. This reflects the increase of 631% in profit after tax, and a weighted average number of shares in issue similar to prior year.

Dividends

Dividends are determined in US dollars and paid in Sterling, converted at the exchange rate on the date that the dividend is declared.

Due to significant uncertainty as to how quickly markets might recover from the COVID-19 pandemic, and in the interests of financial prudence, the Board cancelled the payment of the 2019 final dividend and did not propose 2020 interim or 2020 final dividends.

Underpinned by a strong net cash position and an improving commercial outlook for the Group, the Board re-introduced biannual dividend payments with an interim dividend of 15.00c per share declared at the 2021 half year.

The Board has proposed a final dividend of 30.00c per share (2020: nil) which, together with the interim dividend of 15.00c per share, gives a total paid and proposed regular dividend relating to 2021 of 45.00c per share (2020: nil).

The final dividend has been converted to Sterling at an exchange rate of £1.00/$1.30515. This results in a final dividend per share payable to Shareholders of 22.99p (2020: nil), which, combined with the interim dividend paid of 10.83p per share, gives a total dividend per share for the year of 33.82p (2020: nil).

The final dividend will be paid on 31 May 2022 to Shareholders on the register at the close of business on 29 April 2022.

Defined benefit pension plan

The Group sponsors a legacy UK defined benefit pension plan (the "Plan") which has been closed to new members and future accruals for several years. The Plan has 110 pensioners and 231 deferred members.

At 1 January 2022, the surplus of the Plan on an IAS 19 basis was $1.97m, compared to a deficit of $3.31m at 2 January 2021. Gross Plan assets under IAS 19 were $39.80m, and liabilities were $37.83m.

The change in the net IAS 19 Plan position is analysed as follows:

	$m
IAS 19 deficit at 2 January 2021	**(3.31)**
Company contributions to the Plan	**4.59**
Defined benefit pension scheme administration costs	**(0.34)**
Pension finance charge	**(0.02)**
Re-measurement gain due to changes in assumptions	**2.50**
Return on scheme assets (excluding interest income)	**(1.39)**
Exchange loss	**(0.06)**
IAS 19 surplus at 1 January 2022	**1.97**

The net IAS 19 position improved by $5.28m in the year, driven primarily by employer's contributions of $4.59m and re-measurement gains of $2.50m, partially offset by a negative return on assets of $1.39m. In Sterling, the net IAS 19 position improved by £3.89m in the year to a surplus of £1.46m.

The Company continues to pay regular monthly contributions into the Plan as part of a recovery plan agreed by the Company and the Trustee that aims towards funding on a buyout basis by mid-2024. A milestone was passed in the year as the net balance sheet position in respect of the Plan turned from a net deficit to a net surplus as measured on an IAS 19 valuation basis.

A triennial actuarial valuation of the Plan was completed in September 2019 and this forms the basis of the 2021 IAS 19 valuation set out above. The next triennial Plan valuation is scheduled for September 2022.

Cash flow

The Group had net cash of $41.59m at 1 January 2022, an increase of $1.82m against the 2 January 2021 balance of $39.77m.

Cash flow in the period is summarised as follows:

	2021 $m	2020 $m
Operating profit	**30.65**	3.97
Share option related charges	**0.60**	0.63
Defined benefit pension scheme administration and past service costs	**0.34**	0.42
Depreciation and amortisation	**3.67**	3.43
Lease depreciation	**1.34**	1.50
Change in working capital	**(13.76)**	6.59
Capital expenditure	**(3.47)**	(3.82)
Underlying operating cash flow	**19.37**	12.72
Tax and interest	**(6.82)**	(0.52)
Defined benefit pension contributions	**(4.59)**	(13.28)
Own share transactions	**(0.84)**	0.94
Capital element of lease payments	**(1.12)**	(1.42)
Exchange and other	**(0.05)**	0.19
Free cash flow	**5.95**	(1.37)
Dividends to Shareholders	**(4.13)**	-
Net cash inflow/(outflow) in the period	**1.82**	(1.37)

The Group generated underlying operating cash flow of $19.37m ($12.72m), a conversion rate of 63% (2020: 320%). Working capital usage at the end of 2021 was unusually high, driven by the global and local supply chain issues that have resulted in material increases in accrued revenue and inventory balances on orders in process at year-end. This position is expected to unwind in 2022 as the supply chain situation improves and orders are completed.

Free cash flow improved by $7.32m to $5.95m in 2021 (2020: $(1.37)m). This is largely attributable to the recovery in operating profit in 2021 and the special contribution to the defined benefit pension plan of $9.14m paid in 2020.

Dividends resumed in 2021 with the payment of an interim dividend to Shareholders announced at the half year.

Balance sheet and Shareholders' funds

Net assets at 1 January 2022 were $82.97m, compared to $65.37m at 2 January 2021. The balance sheet is summarised as follows:

	1 January 2022 $m	2 January 2021 $m
Non-current assets	**38.04**	43.27
Working capital	**12.27**	(1.50)
Net cash	**41.59**	39.77
Lease liabilities	**(12.09)**	(13.21)
Pension asset/(deficit)	**1.97**	(3.31)
Other assets - net	**1.19**	0.35
Net assets	**82.97**	65.37

Shareholders' funds increased by $17.60m since the 2020 year-end. Constituent elements of the movement were net profit in the period of $22.59m and share option related movements of $0.38m, net of equity dividends paid to Shareholders $(4.13)m, own share transactions of $(0.84)m, the after tax impact of returns on pension scheme assets and re-measurement gains on pension obligations of $(0.30)m, and exchange losses of $(0.10)m.

The Group had a net positive working capital balance of $12.27m at 1 January 2022 (net negative balance of $1.5m at 2 January 2021). This reflects the build-up of accrued revenue and inventory on orders in process at year-end, impacted by global and local supply chain issues.

Balance sheet funding

The Board is committed to aligning the Group's funding with its strategic priorities. This requires a stable, secure and flexible balance sheet through the cycle. The Group will therefore typically remain ungeared and hold a net cash position.

The Board's funding guidelines are unchanged, and aim to provide operational and financial flexibility:

- To facilitate continued investment in marketing, people and technology through different economic cycles, recognising that an economic downturn typically represents a market share opportunity for the business.
- To protect the ability of the business to act swiftly as growth opportunities arise in accordance with the Group's capital allocation guidelines.
- To underpin a commitment to Shareholders through the maintenance of regular interim and final dividend payments.
- To meet our pension contribution commitments as they fall due.

The quantum of the cash target at each year-end will be influenced broadly by reference to the investment requirements of the business, and the subsequent year's anticipated full year ordinary dividend and pension payment obligations.

As a result of this approach, the Group has maintained a substantial cash balance and no debt throughout the COVID-19 pandemic and resulting supply chain issues. The Group remained in a strong financial position at the 2021 year-end, enabling management to make decisions that look to the longer-term health of the Group and which support 4imprint's distinctive culture.

The Board will keep these guidelines under review and is prepared to be flexible if circumstances warrant.

Capital allocation

The Board's capital allocation framework is designed to deliver increasing Shareholder value, driven by the execution of the Group's growth strategy. The Group's capital allocation priorities are:

- **Organic growth investments**
    - Either capital projects or those expensed in the income statement.
    - Market share opportunities in existing markets.
- **Interim and final dividend payments**
    - Increasing broadly in line with earnings per share through the cycle.
    - Aim to at least maintain dividend per share in a downturn.
- **Residual legacy pension funding**
    - In line with agreed funding schedule.
    - Further de-risking initiatives, if viable.
- **Mergers & acquisitions**
    - Not a near-term priority.
    - Opportunities that would support organic growth.
- **Other Shareholder distributions**
    - Quantified by reference to cash over and above balance sheet funding requirement.
    - Supplementary dividends most likely method: other methods may be considered.

Treasury policy

The financial requirements of the Group are managed through a centralised treasury policy. The Group operates cash pooling arrangements for its North American operations. Forward contracts may be taken out to buy or sell currencies relating to specific receivables and payables as well as remittances from overseas subsidiaries. There were no forward contracts open at the period end or prior period end. The Group holds most of its cash with its principal US and UK bankers.

The Group has a $20.0m working capital facility with its principal US bank, JPMorgan Chase, N.A. The facility has a minimum EBITDA test and standard debt service coverage ratio and debt to EBITDA covenants. The interest rate is US$ LIBOR plus 2.0%, and the facility expires on 31 May 2023. In addition, an overdraft facility of £1.0m, with an interest rate of bank base rate plus 2.0%, is available from the Group's principal UK bank, Lloyds Bank plc.

Critical accounting policies

Critical accounting policies are those that require significant judgments or estimates and potentially result in materially different results under different assumptions or conditions. It is considered that the only critical accounting judgments are in respect of revenue, leases and the retirement benefit asset.

Key sources of estimation uncertainty

Determining the carrying amount of some assets and liabilities requires estimation of the effects of uncertain future events. The key sources of estimation uncertainty are considered to be in relation to the valuation of the defined benefit Plan liabilities and assets.

A review of internal and external indications of impairment was undertaken in accordance with IAS 36 for both the North American and UK cash generating units ("CGU"), leading to an impairment review being undertaken for the UK CGU only. This review did not result in any material charges to the consolidated Group income statement. The Company has recognised an expected credit loss charge of £223k on a loan to a subsidiary undertaking in its individual financial statements.

Viability statement

In accordance with Provision 31 of the UK Corporate Governance Code 2018, the Board has assessed the prospects and viability of the Group.

Assessment of prospects

In making their assessment of the Group's prospects, the Directors have carefully considered:

- The Group's strategy, market position and business model.
- The principal risks and uncertainties facing the Group as outlined in this Financial Review.
- Information contained in this Financial Review concerning the Group's financial position, cash flows and liquidity position.
- Regular management reporting and updates from the Executive Directors.
- Recent detailed financial forecasts and analysis for the three-year period to 28 December 2024.

Whilst the lingering effect of the COVID-19 pandemic continues to present challenges, including on the supply chain and inflationary pressures, the Board considers that the Group's strategy, competitive position, and business model remain entirely relevant and, indeed, have proved to be resilient and flexible under stress.

Business operations have adapted successfully to the challenging and rapidly changing external conditions in a timely manner. The marketing portfolio was reconfigured during 2020 and 2021, providing flexibility over expenditure and the agility to invest in opportunities for growth in recovering markets. Discretionary overhead and capital spend continues to be tightly controlled, demonstrating the essentially minimal fixed cost base of the direct marketing model.

These actions, coupled with the strong financial position of the Group that has been maintained throughout this global pandemic, give the Board confidence that despite residual uncertainty as to future market conditions, the Group will be in a good position both to withstand further economic stress and to take market share opportunities as demand continues to recover.

Environmental risks

As a primary strategic objective of the Group and as noted above in the assessment of prospects, environment-related risks and opportunities are specifically considered by the Board in their assessment of viability and going concern.

The Group has established an appropriate governance structure, in the form of the Group Environmental Committee and Business Risk Management Committee, to identify new and emerging risks related to climate change and the environment.

As detailed more fully in the Principal Risks & Uncertainties, environmental risks have the potential to impact the Group's ability to achieve its strategic objectives through damage to our reputation, our operational facilities and those of our supplier partners, and the failure to respond to trends and shifts in consumer product preferences.

The Group has proactively responded to these risks with several initiatives. These include the achievement of CarbonNeutral® company status in October 2021, committed plans to build a solar panel array at our distribution centre in Oshkosh, plans to review ESG-linked executive remuneration with the inclusion of climate-related metrics, and the launch of our *better choices*™ programme to make it easier for our customers to find products with the characteristics that are most important to them. The flexible nature of our ‘drop-ship’ model and close relationships maintained with key and alternative suppliers allows for relatively rapid adjustment to episodes of extreme weather.

Whilst governmental and societal responses to climate change risks are still developing, and therefore all possible future outcomes are not known, the Group has embedded environmental matters into our strategic objectives and sees climate change and other aspects of environmental stewardship as a fundamental part of our commitment to build a commercially and environmentally sustainable business that delivers value to all stakeholders.

The cash flow impact of our environmental initiatives are incorporated into the financial forecasts used to assess viability and going concern.

Viability assessment period

In their assessment of viability, the Directors have reviewed the assessment period and have determined that a three-year period to 28 December 2024, in line with the Group’s rolling strategic planning process, continues to be most appropriate.

In the context of the fast-moving nature of the business, its markets, and the relatively short-term nature of the order book, the Directors consider that the robustness of the strategic plan is higher in the first three years and recognises that forecast information beyond this period is significantly less meaningful.

The Group’s business model does not rely heavily on fixed capital, long-term contracts, or fixed external financing arrangements.

Assessment of viability

The Board considers that the key factor that would prejudice the ongoing viability and liquidity of the Group would be a severe downturn in demand, which negatively impacts new customer acquisition and existing customer retention.

The ‘base case’ three-year plan, developed for the purposes of the Group’s strategic planning process, provides the basis for the financial modelling used to assess viability. The commercial underpin to this ‘base case’ is the Board’s view that whilst the promotional products market contracted in 2020, for example due to the cancellation of trade shows and physical events, our recent experience is that market demand is resilient across the product range and customer base, as evidenced in the rapid recovery in demand during 2021. The base case started with the total order count at 90% of pre-pandemic 2019 levels, as achieved in 2021, with consistent and sustained top-line growth throughout the three-year period. Marketing costs were modelled to increase in line with revenue with the Group’s revenue per marketing dollar KPI remaining stable at historic levels. This ‘base case’ shows improving financial results, an accumulating cash balance and no liquidity concerns.

Severe, but plausible, downside demand assumptions were then determined and used to adjust the ‘base case’ forecast to model the effects on the Group’s liquidity. This ‘downside’ scenario assumes a significant deterioration in demand patterns during 2022, similar to those experienced in 2020 when the pandemic started, with order volumes for the full year dropping back to around 70% of 2019 levels, before gradually recovering back to 2019 order levels by 2024. Marketing and direct costs were flexed in line with revenue, but other payroll and overhead costs remained at 2021 levels with some allowance for inflationary increases. This ‘downside’ scenario was intended to simulate a severe shock to demand, similar to the experience from COVID-19, that results in sustained diminished corporate demand in a downsized promotional products market.

Even under the severe stress built into the ‘downside’ model, the Group retains sufficient liquidity throughout the assessment period. This liquidity is in the form of cash balances. In addition, there are further mitigating actions that the Group could take, including further cutting marketing costs and reducing headcount, that are not reflected in the distressed forecast but would, if required, be fully under the Group’s control.

Given the scalability of the Group’s business model, as demonstrated over the past few years, the absence of external financing, and low fixed or working capital requirements, a reverse stress testing scenario has not been undertaken. The Group has proven during 2020 its ability to flex its marketing and other costs to mitigate the impact of falls in revenue driven by COVID-19 and retains flexibility to further reduce other costs should the need arise.

Though the Group maintains a $20m line of credit with its US bankers, that expires on 31 May 2023, and a small overdraft facility with its UK bankers, that expires on 31 December 2022, the modelling in both the ‘base case’ and ‘downside’ scenarios shows the maintenance of positive cash balances throughout the assessment period and, as such, there is no current requirement to utilise the facilities or intention to secure any additional facilities.

The assumptions used in the 'base case' and 'downside' scenarios and resulting financial forecasts have been reviewed and approved by the Board. The conclusion of this review is that the Group has significant flexibility in its variable costs, a very low fixed cost base, and enters the 2022 financial year with a strong net cash position of $41.6m, enabling it to remain cash positive even under severe economic stress.

Confirmation of viability

Based on this review of the Group's prospects and viability, the Directors confirm that they have a reasonable expectation that the Group will continue to operate and to meet its liabilities as they fall due, for the next three years to 28 December 2024.

Going concern

Based on the assessment outlined in the viability statement above, the Directors have reasonable expectations that the Group and Company will have adequate resources to continue to operate from the date these financial statements were approved until at least 1 July 2023. Accordingly, they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

Principal Risks & Uncertainties

The UK Corporate Governance Code 2018 requires the Board to carry out a robust assessment of the Group's principal and emerging risks. Risk appetite, the risk management process, and associated mitigating activities are all essential elements of the Group's strategic and operational planning processes.

Risk appetite

4imprint's business model means that it may be affected by a number of risks, not all of which are within its control. The Board seeks to take a balanced approach to the risks and uncertainties that it faces, encouraging an appetite for measured risk-taking that contributes to both the operational agility and innovative culture that it believes is necessary to meet the Group's strategic objectives. That risk appetite is, however, tempered by risk identification, evaluation and management.

Risk management process

The Board has ultimate responsibility for the Group's risk management process, although responsibility for reviewing specific risks and controls is delegated to the Audit Committee. The Executive Directors and operational management teams are responsible for the identification and evaluation of risks and the subsequent implementation of specific risk mitigation activities. A formal risk review is conducted by the Board at least annually. During 2021 further progress has been made in developing the Group's risk management process, including assessing and scoring of specific risks, delineation of 'principal' versus 'other' risks, and implementation of revised risk categories (see below) that we consider to be more in line with the development of the Group in recent years and its strategic priorities. The Business Risk Management Committee, chaired by the Group Financial Controller, has driven much of the progress made in 2021. The lingering effects of the pandemic and some unavoidable internal resource constraints have limited the Committee's formal meetings in the year; our aim is for the Committee to meet quarterly in 2022.

Categorisation of risks

During 2021 the Business Risk Management Committee has developed a revised risk categorisation process that has been reviewed and approved by the Board. The new risk categories are briefly summarised below:

- **Strategic risks.** These are risks often caused by external events that typically might affect broad economic or market conditions. Strategic risks will generally be managed through mitigations undertaken at a strategic level.
- **Operational risks.** These are risks and uncertainties faced in the course of conducting normal business activities via established procedures and systems. Operational risks will typically be driven by internal events and will be managed and mitigated through control activities.
- **Reputational risks.** These are risks that some kind of negative circumstance could impact the brand reputation and/or image of the Group or its businesses in the wider marketplace. Mitigations are often specific controls or procedures aimed at ensuring compliance with regulations or expectations.
- **Environmental risks.** This risk category recognises the obligation of the Group to protect and positively impact the external environment. Risk management might typically be in the form of longer-term mitigation projects such as carbon footprint reduction or product range initiatives.

Emerging risks

Business operations are conducted from centralised facilities in Oshkosh and Manchester, with short reporting lines. As a result, the Executive Directors are close to day-to-day matters, facilitating early identification of, and response to, shifting risk patterns. Emerging risks are a standing agenda item of the Business Risk Management Committee. Urgent issues arising will continue to be escalated as appropriate and discussed at regular Board meetings.

Outlined in Appendix 1 are the current principal risks and uncertainties that would impact the successful delivery of the Group's strategic goals. The list is not exhaustive and other, as yet unidentified, factors may have an adverse effect.

Kevin Lyons-Tarr	**David Seekings**
Chief Executive Officer	Chief Financial Officer

15 March 2022

Group Income Statement for the 52 weeks ended 1 January 2022

	Note	**2021 52 weeks $'000**	2020 53 weeks $'000
Revenue	1	**787,322**	560,040
Operating expenses		**(756,676)**	(556,068)
Operating profit	1	**30,646**	3,972
Finance income		**33**	168
Finance costs		**(435)**	(193)
Pension finance charge		**(15)**	(104)
Net finance cost		**(417)**	(129)
Profit before tax		**30,229**	3,843
Taxation	2	**(7,643)**	(753)
Profit for the period		**22,586**	3,090

		Cents	Cents
Earnings per share			
Basic	3	**80.46**	11.03
Diluted	3	**80.26**	11.00

Group Statement of Comprehensive Income for the 52 weeks ended 1 January 2022

	Note	**2021 52 weeks $'000**	2020 53 weeks $'000
Profit for the period		**22,586**	3,090
Other comprehensive (expense)/income			
Items that may be reclassified subsequently to the income statement:			
Currency translation differences		**(97)**	863
Items that will not be reclassified subsequently to the income statement:			
Return on pension scheme assets (excluding interest income)		**(1,391)**	1,261
Re-measurement gains/(losses) on post-employment obligations		**2,506**	(5,550)
Tax relating to components of other comprehensive income		**(1,411)**	1,241
Total other comprehensive expense net of tax		**(393)**	(2,185)
Total comprehensive income for the period		**22,193**	905

Group Balance Sheet at 1 January 2022

	Note	**2021 $’000**	2020 $’000
Non-current assets			
Property, plant and equipment		**24,667**	24,832
Intangible assets		**1,045**	1,100
Right-of-use assets		**11,725**	13,065
Deferred tax assets		**600**	4,272
Retirement benefit asset	5	**1,974**	-
		40,011	43,269
Current assets			
Inventories		**20,559**	11,271
Trade and other receivables		**63,589**	36,799
Current tax debtor		**2,034**	1,976
Cash and cash equivalents		**41,589**	39,766
		127,771	89,812
Current liabilities			
Lease liabilities		**(1,150)**	(1,117)
Trade and other payables		**(71,877)**	(49,569)
Current tax creditor		**-**	(432)
		(73,027)	(51,118)
Net current assets		**54,744**	38,694
Non-current liabilities			
Lease liabilities		**(10,939)**	(12,089)
Retirement benefit obligation	5	**-**	(3,310)
Deferred tax liabilities		**(850)**	(1,193)
		(11,789)	(16,592)
Net assets		**82,966**	65,371
Shareholders’ equity			
Share capital		**18,842**	18,842
Share premium reserve		**68,451**	68,451
Other reserves		**6,020**	6,117
Retained earnings		**(10,347)**	(28,039)
Total Shareholders’ equity		**82,966**	65,371

Group Statement of Changes in Shareholders' Equity for the 52 weeks ended 1 January 2022

				Retained earnings		
	Share capital $'000	Share premium reserve $'000	Other reserves $'000	Own shares $'000	Profit and loss $'000	Total equity $'000
Balance at 29 December 2019	18,842	68,451	5,254	(3,029)	(26,570)	62,948
Profit for the period					3,090	3,090
Other comprehensive income/(expense)						
Currency translation differences			863			863
Re-measurement losses on post-employment obligations					(4,289)	(4,289)
Deferred tax relating to components of other comprehensive income					1,241	1,241
Total comprehensive income			863		42	905
Proceeds from options exercised					2,170	2,170
Own shares utilised				3,677	(3,677)	-
Own shares purchased				(1,229)		(1,229)
Share-based payment charge					625	625
Deferred tax relating to share options					(83)	(83)
Deferred tax relating to losses attributable to share options					35	35
Balance at 2 January 2021	18,842	68,451	6,117	(581)	(27,458)	65,371
Profit for the period					**22,586**	**22,586**
Other comprehensive income/(expense)						
Currency translation differences			**(97)**			**(97)**
Re-measurement gains on post-employment obligations					**1,115**	**1,115**
Deferred tax relating to components of other comprehensive income					**(1,411)**	**(1,411)**
Total comprehensive income			**(97)**		**22,290**	**22,193**
Own shares utilised				**573**	**(573)**	**-**
Own shares purchased				**(843)**		**(843)**
Share-based payment charge					**602**	**602**
Deferred tax relating to share options					**5**	**5**
Deferred tax relating to losses attributable to share options					**(228)**	**(228)**
Dividends					**(4,134)**	**(4,134)**
Balance at 1 January 2022	**18,842**	**68,451**	**6,020**	**(851)**	**(9,496)**	**82,966**

Group Cash Flow Statement for the 52 weeks ended 1 January 2022

	Note	**2021 52 weeks $'000**	2020 53 weeks $'000
Cash flows from operating activities			
Cash generated from operations	6	**18,257**	3,184
Tax paid		**(6,414)**	(507)
Finance income received		**33**	168
Finance costs paid		**(65)**	(49)
Lease interest		**(377)**	(132)
Net cash generated from operating activities		**11,434**	2,664
Cash flows from investing activities			
Purchases of property, plant and equipment		**(3,083)**	(3,427)
Purchases of intangible assets		**(382)**	(390)
Proceeds from sale of property, plant and equipment		**-**	93
Net cash used in investing activities		**(3,465)**	(3,724)
Cash flows from financing activities			
Capital element of lease payments		**(1,117)**	(1,418)
Proceeds from share options exercised		**-**	2,170
Purchases of own shares		**(843)**	(1,229)
Dividends paid to Shareholders	4	**(4,134)**	-
Net cash used in financing activities		**(6,094)**	(477)
Net movement in cash and cash equivalents		**1,875**	(1,537)
Cash and cash equivalents at beginning of the period		**39,766**	41,136
Exchange (losses)/gains on cash and cash equivalents		**(52)**	167
Cash and cash equivalents at end of the period		**41,589**	39,766

Notes to the Financial Statements

General information

4imprint Group plc, registered number 177991, is a public limited company incorporated in England and Wales, domiciled in the UK and listed on the London Stock Exchange. Its registered office is 25 Southampton Buildings, London WC2A 1AL.

The Group presents the consolidated financial statements in US dollars and numbers are shown in US dollars thousands. A substantial portion of the Group's revenue and earnings are denominated in US dollars and the Board is of the opinion that a US dollar presentation gives a more meaningful view of the Group's financial performance and position.

Accounting policies

The accounting policies applied in these financial statements are consistent with those of the annual financial statements for the period ended 2 January 2021, as described in those annual financial statements.

Basis of preparation

This announcement was approved by the Board of Directors on 15 March 2022. The financial information in this announcement does not constitute the Group's statutory accounts for the periods ended 1 January 2022 or 2 January 2021 but it is derived from those accounts. Statutory accounts for 2 January 2021 have been delivered to the Registrar of Companies, and those for 1 January 2022 will be delivered after the Annual General Meeting. The auditor has reported on those accounts. Their reports were unqualified, did not include a reference to any matters to which the auditor drew attention by way of emphasis without qualifying their report and did not contain a statement under section 498(2) or (3) of the Companies Act 2006.

The audited consolidated financial statements from which these results are extracted have been prepared under the historical cost convention in accordance with UK-adopted International Accounting Standards. 2020 was a 53 week period which started on 29 December 2019. Please refer to the Financial Review on page 6 for a discussion of the impact on the Group's key metrics of a 53 week period versus a 52 week comparative period.

New accounting standards applicable for the first time in this reporting period have no impact on the Group's results or balance sheet.

Environmental risks

In preparing the financial statements, management has considered the impact of environmental risks. Whilst the impact of environmental risks are still developing and therefore all possible future outcomes are uncertain, risks known to the Group have been considered in judgments, estimates and assumptions and in assessing viability and going concern. These considerations did not have a material impact on the financial statements.

Going concern

In making their assessment of going concern from the date of approval of these financial statements until 1 July 2023, the Directors have carefully considered the Group's prospects:

- The Group's strategy, market position and business model.
- The principal risks and uncertainties facing the Group, as outlined in the Financial Review.
- Information contained in the Financial Review concerning the Group's financial position, cash flows and liquidity position.
- Regular management reporting and updates from the Executive Directors.
- Recent detailed financial forecasts and analysis.

Whilst the lingering effect of the COVID-19 pandemic continues to present challenges, including on the supply chain and inflationary pressures, the Board considers that the Group's strategy, competitive position, and business model remain entirely relevant and, indeed, have proved to be resilient and flexible under stress.

Business operations have adapted successfully to the challenging and rapidly changing external conditions in a timely manner. The marketing portfolio was reconfigured during 2020 and 2021, providing flexibility over expenditure and the agility to invest in opportunities for growth in recovering markets. Discretionary overhead and capital spend continues to be tightly controlled, demonstrating the essentially minimal fixed cost base of the direct marketing model.

These actions, coupled with the strong financial position of the Group that has been maintained throughout this global pandemic, give the Board confidence that despite residual uncertainty as to future market conditions, the Group will be in a good position both to withstand further economic stress and to take market share opportunities as demand continues to recover.

As a primary strategic objective of the Group and as noted in the assessment of prospects on page 20, environment-related risks and opportunities are specifically considered by the Board in their assessment of viability and going concern.

The Group has established an appropriate governance structure, in the form of the Group Environmental Committee and Business Risk Management Committee, to identify new and emerging risks related to climate change and the environment.

As detailed more fully in the Principal Risks & Uncertainties in Appendix 1, environmental risks have the potential to impact the Group's ability to achieve its strategic objectives through damage to our reputation, our operational facilities and those of our supplier partners, and the failure to respond to trends and shifts in consumer product preferences.

The Group has proactively responded to these risks with several initiatives. These include the achievement of CarbonNeutral® company status in October 2021, committed plans to build a solar panel array at our distribution centre in Oshkosh, plans to review ESG-linked executive remuneration with the inclusion of climate-related metrics, and the launch of our *better choices*™ programme to make it easier for our customers to find products with the characteristics that are most important to them. The flexible nature of our 'drop-ship' model and close relationships maintained with key and alternative suppliers allows for relatively rapid adjustment to episodes of extreme weather.

Whilst governmental and societal responses to climate change risks are still developing, and therefore all possible future outcomes are not known, the Group has embedded environmental matters into our strategic objectives and sees climate change and other aspects of environmental stewardship as a fundamental part of our commitment to build a commercially and environmentally sustainable business that delivers value to all stakeholders.

The cash flow impact of our environmental initiatives are incorporated into the financial forecasts used to assess viability and going concern.

The Board considers that the key factor that would prejudice the ongoing viability and liquidity of the Group would be a severe downturn in demand, which negatively impacts new customer acquisition and existing customer retention.

The 'base case' three-year plan, developed for the purposes of the Group's strategic planning process, provides the basis for the financial modelling used to assess viability. The commercial underpin to this 'base case' is the Board's view that whilst the promotional products market contracted in 2020, for example due to the cancellation of trade shows and physical events, our recent experience is that market demand is resilient across the product range and customer base, as evidenced in the rapid recovery in demand during 2021. The base case started with the total order count at 90% of pre-pandemic 2019 levels, as achieved in 2021, with consistent and sustained top-line growth throughout the three-year period. Marketing costs were modelled to increase in line with revenue with the Group's revenue per marketing dollar KPI remaining stable at historic levels. This 'base case' shows improving financial results, an accumulating cash balance and no liquidity concerns.

Severe, but plausible, downside demand assumptions were then determined and used to adjust the 'base case' forecast to model the effects on the Group's liquidity. This 'downside' scenario assumes a significant deterioration in demand patterns during 2022, similar to those experienced in 2020 when the pandemic started, with order volumes for the full year dropping back to around 70% of 2019 levels, before gradually recovering back to 2019 order levels by 2024. Marketing and direct costs were flexed in line with revenue, but other payroll and overhead costs remained at 2021 levels with some allowance for inflationary increases. This 'downside' scenario was intended to simulate a severe shock to demand, similar to the experience from COVID-19, that results in sustained diminished corporate demand in a downsized promotional products market.

Even under the severe stress built into the 'downside' model, the Group retains sufficient liquidity throughout the assessment period. This liquidity is in the form of cash balances. In addition, there are further mitigating actions that the Group could take, including further cutting marketing costs and reducing headcount, that are not reflected in the distressed forecast but would, if required, be fully under the Group's control.

Given the scalability of the Group's business model, as demonstrated over the past few years, the absence of external financing, and low fixed or working capital requirements, a reverse stress testing scenario has not been undertaken. The Group has proven during 2020 its ability to flex its marketing and other costs to mitigate the impact of falls in revenue driven by COVID-19 and retains flexibility to further reduce other costs should the need arise.

Though the Group maintains a $20m line of credit with its US bankers, that expires on 31 May 2023, and a small overdraft facility with its UK bankers, that expires on 31 December 2022, the modelling in both the 'base case' and 'downside' scenarios shows the maintenance of positive cash balances throughout the assessment period and, as such, there is no current requirement to utilise the facilities or intention to secure any additional facilities.

The assumptions used in the 'base case' and 'downside' scenarios and resulting financial forecasts have been reviewed and approved by the Board. The conclusion of this review is that the Group has significant flexibility in its variable costs, a very low fixed cost base, and enters the 2022 financial year with a strong net cash position of $41.6m, enabling it to remain cash positive even under severe economic stress.

Based on the assessment outlined above, the Directors have reasonable expectations that the Group and Company will have adequate resources to continue to operate from the date the financial statements were approved until at least 1 July 2023. Accordingly, they continue to adopt the going concern basis in preparing the Group's and Company's financial statements.

Judgments, estimates and assumptions

Impact of COVID-19 on estimates

The impact of COVID-19 and subsequent disruptions to the supply chain on the consolidated financial statements has been considered in determining the estimates required for credits and impairment provisions in relation to trade and other receivables, inventory provisioning, impairment of property, plant and equipment, and intangibles, and the recoverability of deferred tax assets.

Whilst the uncertainty surrounding the ultimate impact of the COVID-19 pandemic has resulted in significant estimation in respect to the future cash flows of subsidiary companies and in determining appropriate discount rates, growth rates, and probability of default rates necessary for undertaking impairment reviews and assessing the recoverability of assets and levels of provisions required, these are not considered to represent critical accounting judgments or key sources of estimation uncertainty in the preparation of the financial statements.

Critical accounting judgments and key sources of estimation uncertainty

The preparation of the consolidated financial statements requires management to make judgments, estimates and assumptions that affect the application of policies, the amounts reported for assets and liabilities as at the balance sheet date and the amounts reported for revenues and expenses during the year.

The estimates and associated assumptions are based on historical experiences and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

Critical accounting policies are those that require significant judgments or estimates and potentially result in materially different results under different assumptions or conditions. Management considers the following to be the critical accounting policies:

Critical accounting judgments

Revenue

For most of its product line, the Group operates a 'drop-ship' business model whereby suppliers hold blank inventory, imprint the product and ship directly to customers. In order to determine the amount of revenue to recognise, it is necessary for the Group to make a judgment to assess if it is acting as principal or an agent in fulfilling the performance obligations and promises to customers for these transactions.

The Group has full discretion to accept orders, agrees artwork with the customer, sets the transaction price, selects the suppliers used to fulfil orders, and considers its customer satisfaction promises ('on-time or free', price and quality guarantees) to be integral to meeting its performance obligations.

Accordingly, the Group is of the opinion that it acts as principal in providing goods to customers and recognises the gross amount of consideration as revenue.

Leases

The Group signed an extension to its Oshkosh office lease commencing on 1 October 2020 for a five-year period with an option to renew for a further five years from 2025 to 2030. In accordance with the requirements of IFRS 16, the Group has made a judgment on the likelihood of exercising the new option to extend in determining the lease term.

Retirement benefit asset

At the balance sheet date, the fair value of the defined benefit assets exceeded the present value of the defined benefit obligations of the 4imprint 2016 Pension Plan. Although the Group anticipates that the surplus will be utilised during the life of the plan to address members' liabilities, the Group recognises the surplus in full on the basis that it is managements' judgment that there are no restrictions on the return of residual plan assets in the event of a winding up of the plan after all member obligations have been met.

Key sources of estimation uncertainty

Pensions

As detailed in note 5, the Group sponsors a defined benefit pension scheme closed to new members and future accruals. Period-end recognition of the liabilities under this scheme requires a number of significant actuarial assumptions to be made, including inflation rate, discount rate and mortality rates. Small changes in assumptions can have a significant impact on the amounts recorded in other comprehensive income and on the pension liabilities in the balance sheet. In addition, the assets held by the scheme include funds that may contain gilt repos and reverse gilt repos, the valuations of which are complex.

1 Segmental reporting

The chief operating decision maker has been identified as the Board of Directors and the segmental analysis is presented based on the Group's internal reporting to the Board.

At 1 January 2022, the Group has two operating segments, North America and UK & Ireland. The costs of the Head Office are reported separately to the Board, but this is not an operating segment.

Revenue	**2021 $'000**	2020 $'000
North America	**773,710**	549,873
UK & Ireland	**13,612**	10,167
Total Group revenue	**787,322**	560,040

Profit	**2021 $'000**	2020 $'000
North America	**36,006**	9,170
UK & Ireland	**(1,464)**	(1,605)
Operating profit from Direct Marketing operations	**34,542**	7,565
Head Office costs	**(3,896)**	(3,593)
Operating profit	**30,646**	3,972
Net finance cost	**(417)**	(129)
Profit before tax	**30,229**	3,843

2 Taxation

	2021 $'000	2020 $'000
Current tax		
UK tax – current	**-**	-
Overseas tax – current	**5,910**	(845)
Overseas tax – prior periods	**15**	(53)
Total current tax	**5,925**	(898)
Deferred tax		
Origination and reversal of temporary differences	**1,718**	1,575
Adjustment in respect of prior periods	**-**	76
Total deferred tax	**1,718**	1,651
Taxation	**7,643**	753

The tax for the period is different to the standard rate of corporation tax in the respective countries of operation. The differences are explained below:

	2021 $'000	2020 $'000
Profit before tax	**30,229**	3,843
Profit before tax for each country of operation multiplied by rate of corporation tax applicable in the respective countries	**7,087**	523
Effects of:		
Adjustments in respect of prior periods	**15**	23
Expenses not deductible for tax purposes and non-taxable income	**4**	20
Other differences	**62**	101
Adjustments in respect of tax losses	**(274)**	(806)
De-recognition of deferred tax asset for UK losses	**749**	-
US BEAT liability	**-**	892
Taxation	**7,643**	753

The net deferred tax asset at 1 January 2022 has been calculated at a tax rate of 19% in respect of deferred tax items that are expected to reverse before 1 April 2023 (2020: 19%) and 25% in respect of deferred tax items expected to reverse after 1 April 2023 (2020: 19%); and 25% (2020: 25%) in respect of US deferred tax items.

Management does not consider that there are any material uncertain tax positions.

'Other differences' comprises adjustments in respect of share options and US leases.

'Adjustments in respect of tax losses' includes the tax effect of brought forward UK tax losses utilised in the year and in 2020 includes the tax effect of US tax losses incurred in 2020 and carried back to prior years.

Following a review of forecast UK taxable profits, the deferred tax asset for UK tax losses has been de-recognised in the period.

US BEAT is an additional US federal tax imposed on US corporations that make certain types of payment to foreign related parties. The US Group had no BEAT liability for 2021.

3 Earnings per share

Basic and diluted

The basic and diluted earnings per share are calculated based on the following data:

	2021 $'000	2020 $'000
Profit after tax	**22,586**	3,090

	2021 Number '000	2020 Number '000
Basic weighted average number of shares	**28,072**	28,003
Adjustment for employee share options	**68**	95
Diluted weighted average number of shares	**28,140**	28,098

	2021 Cents	2020 Cents
Basic earnings per share	**80.46**	11.03
Diluted earnings per share	**80.26**	11.00

The basic weighted average number of shares excludes shares held in the 4imprint Group plc employee benefit trust. The effect of this is to reduce the average by 13,888 (2020: 82,090).

The basic earnings per share is calculated based on the profit for the financial period divided by the basic weighted average number of shares.

For diluted earnings per share, the basic weighted average number of ordinary shares in issue is adjusted to assume conversion of all potential dilutive ordinary shares. The potential dilutive ordinary shares relate to those share options granted to employees where the exercise price is less than the average market price of the Company's ordinary shares and which are likely to vest at the balance sheet date.

4 Dividends

Equity dividends – ordinary shares		2021 $'000	2020 $'000
Interim paid:	15.00c (2020: 00.00c)	**4,134**	-
Final paid:	00.00c (2020: 00.00c)	**-**	-
		4,134	-

The Directors are proposing a final dividend in respect of the period ended 1 January 2022 of 30.00c. Subject to Shareholder approval at the AGM, these dividends are payable on 31 May 2022 to Shareholders on the register of members at close of business on 29 April 2022. These financial statements do not reflect this proposed dividend.

5 Employee pension schemes

The Group operates defined contribution plans for its UK and US employees. The regular contributions are charged to the income statement as they are incurred. The charges recognised in the income statement are:

	2021 $'000	2020 $'000
Defined contribution plans – employers' contributions	**2,117**	2,023

The Group also sponsors a UK defined benefit pension scheme which is closed to new members and future accrual.

The amounts recognised in the income statement are as follows:

	2021 $'000	2020 $'000
Administration costs paid by the scheme	**340**	343
Past service costs – GMP equalisation on transfers	**-**	77
Pension finance charge	**15**	104
Total defined benefit pension charge	**355**	524

The past service cost in 2020 relates to an estimate of the Guaranteed Minimum Pension ("GMP") equalisation provision on transfers out of the scheme following the High Court ruling in the Lloyds case in November 2020. The charge is an estimate calculated by the Company's actuaries and the actual result may differ from this estimate.

The amounts recognised in the balance sheet comprise:

	2021 $'000	2020 $'000
Present value of funded obligations	**(37,826)**	(42,627)
Fair value of scheme assets	**39,800**	39,317
Net asset/(obligation) recognised on the balance sheet	**1,974**	(3,310)

The principal assumptions applied by the actuaries, as determined by the Directors, at each period end were:

	2021	2020
	%	%
Rate of increase in pensions in payment	**3.25**	2.85
Rate of increase in deferred pensions	**2.75**	2.30
Discount rate	**1.80**	1.25
Inflation assumption – RPI	**3.35**	2.90
– CPI	**2.75**	2.30

The mortality assumptions adopted at 1 January 2022 reflect the most recent version of the tables used in the September 2019 triennial valuation. The assumptions imply the following life expectancies at age 65:

	2021	2020
	Years	Years
Male currently aged 40	**22.3**	22.3
Female currently aged 40	**24.2**	24.2
Male currently aged 65	**21.3**	21.3
Female currently aged 65	**23.0**	23.0

6 Cash generated from operations

	2021 $'000	2020 $'000
Profit before tax	**30,229**	3,843
Adjustments for:		
Depreciation of property, plant and equipment	**3,237**	2,992
Amortisation of intangible assets	**437**	443
Amortisation of right-of-use assets	**1,340**	1,498
Gain on disposal of property, plant and equipment	**-**	(80)
Share option charges	**602**	625
Net finance cost	**417**	129
Defined benefit pension administration charge and past service costs	**340**	420
Contributions to defined benefit pension scheme*	**(4,589)**	(13,278)
Changes in working capital:		
(Increase)/decrease in inventories	**(9,288)**	186
(Increase)/decrease in trade and other receivables	**(26,831)**	16,119
Increase/(decrease) in trade and other payables	**22,363**	(9,713)
Cash generated from operations	**18,257**	3,184

*Includes a special pension contribution in 2020 of $9.14m.

Statement of Directors' responsibilities

Each of the Directors confirms that, to the best of their knowledge:

- The financial statements within the full Annual Report and Accounts from which the financial information within this Final Results Announcement has been extracted, have been prepared in accordance with UK-adopted International Accounting Standards, give a true and fair view of the assets, liabilities, financial position and profit of the Company and the undertakings included in the consolidation taken as a whole.
- The Chief Executive's Review and Financial Review, and Principal Risks & Uncertainties include a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that it faces.

Alternative performance measures

An Alternative Performance Measure ("APM") is a financial measure of historical or future financial performance, financial position, or cash flows, other than a financial measure defined or specified within IFRS.

The Group uses APMs to supplement standard IFRS measures to provide users with information on underlying trends and additional financial measures, which the Group considers will aid the users' understanding of the business.

Definitions

Revenue per marketing dollar is the total revenue of the Group divided by the total marketing expense of the Group. This provides a measure of the productivity of the marketing expenditure, which is a cornerstone of the Group's organic revenue growth strategy.

Free cash flow is defined as the net movement in cash and cash equivalents before distributions to Shareholders but including exchange gains/(losses) on cash and cash equivalents. It is a measure of cash available for allocation in line with the Group's capital allocation policy (see page 10):

	2021 **$m**	2020 $m
Net movement in cash and cash equivalents	**1.87**	(1.54)
Add back: Dividends paid to Shareholders	**4.13**	-
Less: Exchange (losses)/gains on cash and cash equivalents	**(0.05)**	0.17
Free cash flow	**5.95**	(1.37)

Capital expenditure is defined as purchases of property, plant and equipment and intangible assets net of proceeds from the sale of property, plant and equipment. These numbers are extracted from the cash flows from investing activities shown in the Group cash flow statement.

Underlying operating cash flow is defined as cash generated from operations, before pension contributions, less capital expenditure. This reflects the cash flow directly from the ongoing business operations. This is reconciled to IFRS measures as follows:

	2021 **$m**	2020 $m
Cash generated from operations	**18.25**	3.18
Add back: Contributions to defined benefit pension scheme	**4.59**	13.28
Less: Purchases of property, plant and equipment and intangible assets	**(3.47)**	(3.82)
Add back: Gain on disposal of property, plant and equipment	**-**	0.08
Underlying operating cash flow	**19.37**	12.72

Appendix 1

STRATEGIC RISKS

Macroeconomic conditions

Risk and description

The Group conducts most of its operations in North America and would be affected by a downturn in general economic conditions in this region or negative effects from tension in international trade. In previous economic downturns the promotional products market has typically softened broadly in line with the general economy. Most recently, the economic downturn associated with the COVID-19 pandemic had a significant negative effect on demand for our products.

Strategic relevance	Mitigation	Direction
• Customer acquisition and retention could fall, impacting revenue in current and future periods. • The growth and profitability levels called for in the Group's strategic plan may not be achieved. • Cash generation could be reduced broadly corresponding to a reduction in profitability.	• Management monitors economic and market conditions to ensure that appropriate and timely adjustments are made to marketing and other budgets. • The customer proposition in terms of promotions, price, value, and product range can be adjusted to resonate with customer requirements and budgets in changing economic climates. • The Group's balance sheet funding policy provides operational and financial flexibility to facilitate continued investment in the business through different economic cycles.	• Concerns remain with respect to virus variants and resulting restrictions in our markets, however our business model has proved to be resilient and continues to resonate with our target customers as demonstrated by the continued recovery of the business from the significant negative effects of the COVID-19 pandemic. • Global supply chain issues and international trade tensions continue to cause volatility in our North American and UK markets. • Brexit uncertainty remains in the Group's UK market, leading to a lack of business confidence. • Recent inflationary pressures could drive up labour, product and transportation costs, affecting customer demand for our products. **Unchanged**

Markets & competition

Risk and description

The promotional products markets in which the business operates are intensely competitive. New or disruptive business models looking to break down our industry's prevailing distributor/supplier structure may become a threat. Buying groups and online marketplaces may allow smaller competitors access to improved pricing and services from suppliers. Private equity interest in the promotional products industry has increased in recent years, offering potential funding for existing competitors or new entrants.

Strategic relevance	Mitigation	Direction
• Aggressive competitive activity or a disruptive new model could result in pressure on prices, margin erosion and loss of market share, impacting the Group's financial results. • The Group's strategy based on achieving organic revenue growth in fragmented markets may need to be reassessed. • Customer acquisition and retention could fall, impacting revenue in current and future periods.	• Service level, price and satisfaction guarantees are an integral part of the customer proposition. Negative or changing customer feedback is investigated and addressed rapidly. Customers are surveyed regularly to monitor changing customer interests and perceptions. • Merchandising and supply chain teams have extensive experience in rapidly adapting the product range to meet evolving consumer demand. • Our aim is to position the business at the forefront of innovation in the industry, driven by an open-minded culture that is customer focused, embraces collaborative supplier relationships, and has an appetite for technology. • Management closely monitors competitive activity in the marketplace including periodic market research studies.	• The competitive landscape to date has been relatively consistent on the distributor side in our main markets. **Unchanged**

Effectiveness of key marketing techniques and brand development		
Risk and description		
The success of the business relies on its ability to attract new and retain existing customers through a variety of marketing techniques. These methods may become less effective as follows: • **TV/Video/Brand:** Fluctuations in available inventory may cause the price of this technique to increase beyond our acceptable thresholds. The evolving nature of how consumers access this type of content can change our ability to effectively access our audience. • **Online:** Search engines are an important source for channelling customer activity to 4imprint's websites. The efficiency of search engine marketing could be adversely affected if the search engines were to modify their algorithms or otherwise make substantial changes to their practices. • **Offline:** The flow of print catalogues and sample packages would be disrupted by the incapacity of the US Postal Service to make deliveries, for example due to natural disasters or labour activism. Pandemic conditions that lead to increased levels of people working from remote locations may diminish the effectiveness of this technique. The evolving landscape around consumer data privacy preferences and data privacy legislation potentially affects all marketing techniques if it compromises our ability to access and analyse customer information or results in any adverse impacts to our brand image and reputation.		
Strategic relevance	**Mitigation**	**Direction**
• If sustained over anything more than a short time period, an externally driven decrease in the effectiveness of key marketing techniques would cause damage to the customer file as customer acquisition and retention fall. This would affect order flow and revenue in the short-term and the productivity of the customer file over a longer period, impacting growth prospects in future years. • Restrictive data privacy legislation or changes in consumer demands around data privacy could decrease the yield on our marketing activities and might increase compliance costs and the possibility of lawsuits.	• **TV/Video/Brand:** Given that this is the newest element of our marketing portfolio, our utilisation of this technique is still at a relatively early stage of its development, allowing for a high degree of flexibility. • **Online:** Management stays very close to new developments and emerging platforms in the online space. Efforts are focused on anticipating changes and ensuring compliance with both the requirements of providers and applicable laws. • **Offline:** Developments in the US Postal Service are closely monitored through industry associations and lobbying groups. Alternative parcel carriers are continuously evaluated. • Data privacy requirements and consumer data preferences are monitored closely and assessed.	• Marketing diversification continues via the successful integration of a brand component to the marketing portfolio. • The COVID-19 pandemic, in particular the trend towards 'work-from-home' has negatively impacted response rates for print catalogues. This has resulted in a successful redeployment of offline/print budget towards further investment in brand and online marketing. • The business has significantly reduced the amount of data it shares, increasingly relying on first party data. **Unchanged**

OPERATIONAL RISKS

Business facility disruption

Risk and description

The 4imprint business model means that operations are concentrated in centralised office, distribution and production facilities. The performance of the business could be adversely affected if activities at one of these facilities were to be disrupted, for example, by pandemic, fire, flood, loss of power or internet /telecommunication failure.

Strategic relevance	Mitigation	Direction
• The inability to service customer orders over any extended period would result in significant revenue loss, deterioration of customer acquisition and retention metrics and diminished return on marketing investment. • A significant portion of our apparel orders are embroidered in-house at our distribution centre, therefore disruption at this facility would impact our ability to fulfil these orders. • The Group's reputation for excellent service and reliability may be damaged.	• Back-up and business continuity infrastructure is in place to ensure the risk of customer service disruption is minimised. • Websites are cloud-based, and data is backed up continuously to off-site servers. • Relationships are maintained with third party embroidery contractors to provide an element of back-up in the event of facility unavailability. • A significant proportion of our office and customer service staff can work from home, mitigating some risk should offices become unavailable.	• The COVID-19 pandemic raised the risk of potential shutdown of one or all of our facilities, however the risk of a return to 'lockdown' type restrictions appears to be diminishing. **Unchanged**

Domestic supply and delivery		
Risk and description		
As a consequence of the Group's 'drop-ship' distribution model, trading operations could be interrupted if: (i) the activities of a key supplier were disrupted and it was not possible to source an alternative supplier in the short-term; (ii) a key supplier's own supply chain is compromised by 'force majeure' events in the country of original product manufacture, for example natural disasters, social/political unrest or pandemic; or (iii) the primary parcel delivery partner used by the business suffered significantly degraded service levels. As the Group continues to grow, the volume of orders placed with individual suppliers becomes significant.		
Strategic relevance	**Mitigation**	**Direction**
• Inability to fulfil customer orders would lead to lost revenue and a negative impact on customer acquisition and retention statistics. • The Group's reputation for excellent service and reliability may be damaged, leading to potential erosion of the value built up in the 4imprint brand.	• A rigorous selection process is in place for key suppliers, with evaluation and monitoring of quality, production capability and capacity, ethical standards, financial stability and business continuity planning. • Very close relationships are maintained with key suppliers, including a detailed shared knowledge of the supply end of the value chain, allowing swift understanding of and appropriate reaction to events. • Wherever possible, relationships are maintained with suitable alternative suppliers for each product category. • Secondary relationships are in place with alternative parcel carriers.	• Risk is inherent in increasing supplier concentration, and the COVID-19 pandemic has increased this risk. • The supply chain problems seen in the second half of 2021 have significantly heightened risk in this area and are still ongoing. **Increased**

Failure or interruption of information technology systems and infrastructure		
Risk and description		
The business is highly dependent on the efficient functioning of its IT infrastructure. An interruption or degradation of services at any 4imprint operational facility would affect critical order processing systems and thereby compromise the ability of the business to deliver on its customer service proposition.		
Strategic relevance	**Mitigation**	**Direction**
• In the short-term, orders would be lost and delivery deadlines missed, decreasing the efficiency of marketing investment and impacting customer acquisition and retention. • Revenue and profitability are directly related to order flow and would be adversely affected as a consequence of a major IT failure. • Depending on the severity of the incident, longer-term reputational damage could result.	• There is continuous investment in both the IT team supporting the business and the hardware and software system requirements for a stable and secure operating platform. • Back-up and recovery processes are in place, including immediate replication of data to an alternative site, to minimise the impact of information technology interruption. • Cloud-based hosting for eCommerce and elements of back office functionality.	• The IT platform is mature, and performance has been efficient and resilient, including through the COVID-19 pandemic with high levels of staff working from home. **Unchanged**

REPUTATIONAL RISKS

Cyber threats

Risk and description

Malware, ransomware and other malicious cyber threats can lead to system failure and/or unauthorised access to and misappropriation of customer data, potentially leading to reputational damage and loss of customer confidence. This is a rapidly changing environment, with new threats emerging on an almost daily basis.

Strategic relevance	Mitigation	Direction
• Revenue and profitability are directly related to order flow and would be adversely affected as a consequence of system compromise. • A significant security breach could lead to litigation and losses, with a costly rectification process. In addition, it might be damaging to the Group’s reputation and brand. • An event of this nature might result in significant expense, impacting the Group’s ability to meet its strategic objectives.	• The business employs experienced IT staff whose focus is to identify and mitigate IT security vulnerabilities. • Investment in software and other resources in this area continues to be a high priority. • Technical and physical controls are in place to mitigate unauthorised access to customer data and there is an ongoing investment process to maintain and enhance the integrity and efficiency of the IT infrastructure and its security. • Due to the ever-evolving nature of the threat, emerging cyber risks are addressed by the IT security team on a case-by-case basis. • Third party cyber security consultants are employed as and when appropriate.	• The general incidence and publicity around cyber-crime continues to increase. **Increased**

Supply chain compliance & ethics		
Risk and description		
Our business model relies on direct (tier 1) and indirect (tier 2 & 3) relationships with suppliers located both within our primary markets and at overseas locations. 4imprint has for many years had very high ethical expectations for supply chain compliance, but there is always a risk that our wider supply chain partners may, from time to time, not comply with our standards or applicable local laws.		
Strategic relevance	**Mitigation**	**Direction**
• Significant or continuing non-compliance with such standards and laws could result in serious damage to our reputation and brand image. • This could have an adverse effect on our ability to acquire and retain customers and therefore our longer-term revenue prospects and financial condition.	• Key tier 1 suppliers must commit to cascading our ethical sourcing expectations down to their tier 2 and tier 3 supply chain partners. • Specifically, we require our suppliers to comply with our supplier compliance documentation, including the '4imprint Supply Chain Code of Conduct' and the '4imprint Factory & Product Compliance Expectations' document. • We are active in promoting audit coverage of our supply chain at many levels, and in ensuring that product safety and testing protocols are adequate and up to date.	• Our supplier compliance programme is well established. • The COVID-19 pandemic has restricted opportunities for visits to and audits of both domestic and overseas supplier locations. **Increased**

Legal, regulatory and compliance		
Risk and description		
We are subject to, and must comply with, extensive laws and regulations, particularly in our primary US market. An example is data privacy legislation.		
Strategic relevance	**Mitigation**	**Direction**
• If we or our employees, suppliers and other partners fail to comply with any of these laws or regulations, such failure could subject us to fines, sanctions or other penalties that could negatively affect our brand, reputation and financial condition.	• Consultation with consultants, subject matter experts, specialist external legal advisers and Government agencies as appropriate.	• Obligations continue to be complied with and monitored. **Unchanged**

ENVIRONMENTAL RISKS

Climate change

Risk and description

Climate change potentially affects our operations, facilities, supply chain, team members, communities and our customers in a variety of ways. As such, it presents a multitude of risks to the business and threatens our ability to achieve our strategic objectives.

Strategic relevance	Mitigation	Direction
• Extreme weather-related events that impact our customers and/or our suppliers can have 'episodic' negative impact on revenue, customer acquisition and retention, and they can also cause increases to our product and distribution costs. Some of our suppliers are located in geographic areas that are subject to increased risk for these events. • Further, if the business is not seen to be taking deliberate and tangible actions to reduce its GHG emissions, the Group's reputation and brand may be damaged.	• The flexible nature of our 'drop-ship' model allows for relatively rapid adjustment to episodes of extreme weather. The business has very low customer concentration which helps mitigate an element of the risk as well. • The business became 'carbon neutral' in 2021 in respect of Scopes 1 and 2 and meaningful elements of Scope 3, a year earlier than originally targeted. • Management is actively monitoring and measuring progress towards further environmental goals, most notably further GHG reductions in Scopes 1 and 2 and meaningful elements of Scope 3.	• There is an increasing sense of urgency globally, and as such, the risks in this area will increase as well. **Increased**

Products and market trends		
Risk and description		
The transition to a low carbon economy may lead to changing product trends or consumer preferences that render certain products undesirable or obsolete whilst increasing demand for others.		
Strategic relevance	**Mitigation**	**Direction**
• Failure to anticipate accurately and respond to trends and shifts in consumer preferences by adjusting the mix of existing product offers may lead to lower demand for our products, impacting our market position and ability to generate revenue growth.	• Our merchandising teams actively collaborate with our suppliers to continuously curate our range of products to adapt and meet the needs and tastes of our customers. • Our *better choices*™ initiative has been launched to highlight promotional products that have sustainable attributes, giving our customers the ability to research product attributes and supplier standards and certifications related to sustainability, environmental impact, workplace culture and more.	• The transition to a low carbon economy is driving changes in consumer preferences towards sustainable products. • However, most of the products in our broad range are also sold unbranded in the retail setting, with the pace of the transition towards sustainable choices likely to remain quite manageable. **Unchanged**